

**702 KAR 3:300. Approval for school district lease and retirement incentive annuity agreements.**

RELATES TO: KRS 65.944, 65.946, 156.070

STATUTORY AUTHORITY: KRS 65.944(1)(b), 156.070, 156.160

NECESSITY, FUNCTION, AND CONFORMITY: KRS 156.160 and 156.070 require the Kentucky Board of Education to promulgate administrative regulations concerning the management of the school districts. KRS 65.944(1)(b) requires the Kentucky Board of Education to promulgate administrative regulations to implement requirements for lease approval by the Commissioner of Education. This administrative regulation establishes requirements for approval of school district lease and retirement incentive annuities.

Section 1. Administrative Guidelines. (1) To request approval of a lease or retirement incentive annuity agreement in excess of \$100,000 from the Commissioner of Education pursuant to KRS 65.944(1)(b), the following shall be submitted to the Department of Education, Office of Administration and Support, prior to finalization of the lease or retirement incentive annuity agreement:

- (a) The terms of the lease or retirement incentive annuity, including the lease or retirement incentive annuity price;
- (b) The number of optional renewal periods;
- (c) The interest rate;
- (d) The date of issue;
- (e) The purpose of the lease or retirement incentive annuity; and
- (f) The name of any trustee of paying agent.

(2) During the evaluation process, the Department of Education, Office of Administration and Support, may request additional documentation to properly evaluate the proposed lease or retirement incentive annuity agreement.

Section 2. Technology Leases. Pursuant to KRS 65.944(1)(b) and 65.946, each school district shall submit to the Department of Education, Office of Administration and Support, each technology lease including evidence of the lease being limited to the five (5) year useful life of the equipment and approval of the district's technology plan.

Section 3. Final Approval and Reconsideration. (1) Final approval of a proposed school district lease or retirement incentive annuity agreement with a lease or retirement incentive annuity price of \$100,000 or more shall be granted by the Commissioner of Education before the agreement takes effect. Approval shall be granted if the lease complies with KRS 65.942(3).

(2) Upon receiving approval from the Commissioner of Education, a school district may enter into the lease or retirement incentive annuity at any time within the current fiscal year.

(3)(a) The Commissioner of Education shall send written notification to the school district if the agreement is not approved.

(b) The notice shall contain the reasons the agreement was not approved.

(c) A school district may request reconsideration by the Commissioner of Education if alterations are made to the proposed lease or retirement incentive annuity which alleviate the concerns expressed by the Commissioner of Education.

Section 4. Superintendent Annuity. This administrative regulation shall not apply to an annuity provision within the negotiated employment contract of a school district superintendent. (22 Ky.R. 638; eff. 11-2-1995; Am. 28 Ky.R. 2443; 29 Ky.R. 107; eff. 7-15-2002; 40 Ky.R. 2225;

2434; eff. 6-6-2014.)